

Top Secret 219

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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 8 August 1978

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Tuesday, 8 August 1978.

The NID Cable is for the purpose of informing senior US officials.

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PORTUGAL: Breakthrough Possible

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[] Portuguese President Eanes said last night that he would name a new Prime Minister tomorrow. Socialist leader Soares, dismissed as Prime Minister by President Eanes in late July, informed the US Ambassador on Sunday that his party will provide limited support to Eanes' efforts to form a new government. Tensions between Soares and Eanes continue, however, and the government will probably last no longer than the few months necessary to prepare for a new national election.

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[] Eanes reportedly will consult with the military's Revolutionary Council today concerning his selection of a new Prime Minister. Defense Minister Firmino Miguel and Ambassador to Spain Vitor da Cunha Rego have been frequently cited as possible choices.

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[] In an apparent reversal of his earlier position, Soares told reporters yesterday that a Socialist should be named Prime Minister. Nonetheless, Soares is anxious to keep some distance between his party and the new government. He fears that the Socialists will be tainted if--as appears likely--the government falters. Only Socialists not closely identified with party leadership will be available for cabinet positions--probably including Prime Minister--and the party will support the government in the legislature only on a case-by-case basis.

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[] The Socialists challenged Eanes' grounds for removing Soares and still argue that Eanes behaved unconstitutionally in dismissing Soares before referring the matter to the legislature. They are also upset because Eanes has showed contempt concerning recommendations by the Revolutionary Council that favored Soares.

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[] The dispute between Eanes and Soares has its personal element, but it also has the makings of a major institutional power struggle. Soares has publicly expressed his concern that all the legal powers of the state are being concentrated in the hands of one man. He points out that Eanes, already President, Commander in Chief, and head of the Revolutionary Council, now intends to usurp governmental prerogatives that should be vested in the legislature.

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[] Tensions between Eanes and Soares will probably plague any new government's efforts to pursue a coherent program. Without full support from the Socialists, the government's attempts to maintain the momentum of promising economic and foreign policy initiatives will be difficult. Soares has said, however, that the Socialists will support the economic programs begun under his administration.

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[] The new government could stay in power long enough for the legislature to reformulate Portugal's outdated election provisions and thus pave the way for a smooth transition to an early election if it is required. Soares thinks a new election could be held as early as February, an indication he believes another crisis will be brewing within four months.

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[] *//Vice Foreign Ministers from China and Vietnam begin talks in Hanoi today in another attempt to resolve the dispute over Vietnam's overseas Chinese community. The open political warfare between Peking and Hanoi now concerns broader issues than the overseas Chinese refugee question. Both sides in recent weeks have allowed the dispute to become part of the wider Sino-Soviet quarrel. In this setting, the chances for resolution of the refugee question are not good; the prospects for a general lessening of tension between the Chinese and Vietnamese are even worse.//*

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[] *//The inauspicious atmosphere surrounding the vice-ministerial level talks soured further yesterday as Peking and Hanoi charged each other with taking actions aimed at undermining the negotiations. Peking's propaganda blast and its choice of a relatively obscure vice foreign minister as chief negotiator reinforce the notion that the Chinese are in no mood for the kind of compromise that would enable the talks to make any significant progress.//*

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[] *//The talks in Hanoi will begin less than a week after Peking published its stiffest indictment yet of Vietnamese policy. The article, which appeared in the party periodical Red Flag pulls together a number of recent Chinese propaganda themes*

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[REDACTED] //The article accuses Vietnam of willingly serving as Moscow's "outpost" in Southeast Asia and cooperating closely with the Soviets in pursuing an "anti-China" policy. Peking asserts that the USSR is striving for "global hegemony" and that Vietnam is seeking "regional hegemony." China's opposition to hegemony of any kind has provided the cement for the Vietnamese-Soviet alliance, according to the article.//

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[REDACTED] //Red Flag goes on to charge that the Vietnamese-Soviet alliance "threatens the independence and security of Southeast Asia." As evidence it points to the conflict that has resulted from Cambodia's "resolute opposition" to the Soviet-inspired Vietnamese plans to "rig up an Indochina Federation."//

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[REDACTED] //The article also sees sinister motives in Hanoi's support for the proposal to declare Southeast Asia a zone of peace that is currently being discussed within the Association of Southeast Asian Nations. The Chinese depict Hanoi as trying to breathe life into Moscow's longstanding call for "Asian collective security system"--something Peking has always viewed as tantamount to a Soviet-sponsored regional alliance against China.//

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[REDACTED] //Hanoi has also widened its attack on Peking. The Vietnamese media claimed recently that the Chinese have not just backed Cambodia against Vietnam but have instigated the conflict as part of Peking's plan for "regional hegemony."

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